

# Responsible Taxes

## Report for 2022

Approach to Taxes  
Country-By-Country

**GRUNDFOS** 

Possibility in every drop

# Tax Governance

We run our business in a responsible manner and that includes taking an active role in society when it comes to tax.

## Our approach

Our Group Policy and Global Tax Principles\* state Grundfos will act as a responsible citizen and strive to ensure a fair and reasonable allocation of the group profits in the communities where we have a presence, complying with requirements for direct and indirect taxes.

We see taxes as an essential part of a well-functioning society and recognise that taxation is a tool to help financing achievements of the UN sustainable development goals.

Our Group Policies are underpinned by our Global Tax Principles. The Global Tax Principles apply to all Grundfos entities. Due to local requirements in Poland, we have a local tax strategy published on our Polish website. The strategy is fully aligned with our policy and principles for tax.

### Governance and compliance

The Tax Principles encapsulate our approach to taxes and are governed by the Board of Directors Audit Committee, who are responsible for reviewing and approving the principles. The frequency of the review is dependent on business changes.

As a group, the operational accountability for

management of taxes sits with the Chief Financial Officer (CFO), who ensures the appropriate people, processes and systems are in place to comply with local and international tax laws.

The CFO delegates responsibility for managing the areas of corporate income tax, transfer pricing and VAT to the Head of Group Tax, employee taxes to the Head of HR and custom duties to the Head of Group Supply Chain. All three positions are global functions to ensure complete oversight of processes and procedures.

Our Group Tax department works with local finance teams to ensure local tax compliance. Local level compliance is either carried out by the local Grundfos team or it is outsourced to external partners. Group Tax is responsible for ensuring an adherent application of the tax principles throughout the Group.

Group Tax provides training, workshops and guidance on tax for relevant employees such as financial compliance specialists, GSS, salespeople and business partners. The purpose of the training is to ensure awareness and understanding of new rules or laws.

### Planning and use of tax incentives

Changes in commercial business strategies and the evolving regulatory environment, inform decisions on how to structure our commercial arrangements. Tax is one of the many factors involved in key business planning activities. When evaluating the tax implications of a business decision, the following criteria are considered:

- Commercial purpose
- Tax technical analysis
- Financial impact
- Any downside risks
- Internal resource commitment
- Reputational impact

At Grundfos no business decisions are made for the sole purpose of tax optimisation:

- No arrangement will be implemented if the main purpose is to obtain a tax benefit that is not intended by the relevant tax rules.
- Payments are not routed through other entities in a back-to-back arrangement for the sole purpose of withholding tax.
- No hybrid financing will be implemented with the sole objective of obtaining a tax benefit.

We will accept and utilise tax incentives, reliefs and similar, to support local development where the incentives are widely accessible, the use is comfortable within the intention of the law and the establishment of businesses are not driven by these opportunities.

As an example, we are making use of the Super deduction of R&D costs at 130% in Denmark FY 2022. This incentive supports our 2025 strategy, where innovation leadership is a must win battle: "Our main source of competitiveness is differentiation – and the very foundation for differentiation is innovation". Grundfos was actively engaged in advocating the super deduction. R&D credits is also utilized in the US.

Other examples are development incentives granted to support local investments.

Grundfos Serbia was granted a 10-year tax corporate income tax exemption as part of establishing a local production plant.

Grundfos Hungary was granted a 10-year development tax incentive (80% tax exemption) as part of establishing local production plants.

\*Please see our global Tax Principles on our website Business principles - Grundfos

## Tax Risk management

We proactively seek to identify, evaluate, manage, and monitor tax risks to ensure they remain within the Group's risk appetite. The material risks are reported to the Board of Directors Audit Committee as part of the uncertain tax risk provision and at an aggregated level as part of the overall Enterprise Risk Management reporting.

Key risk areas are identified at Group level, with controls and procedures being developed to manage them. Group Tax manages and reviews the most significant risk areas on an ongoing basis. All compliance tasks are based on a four-eyes-review-principle, meaning the tax returns, for example, are reviewed by a colleague or an external service provider. Group Internal Audit Services conduct periodic audits of general financial compliance including taxes. Whenever there is complexity or uncertainty in relation to tax risks, we may collaborate with external professional advisors. Ensuring that we get a second opinion and remain compliant during the implementation of new systems and new regulations.

Significant identified risks must be reported to the Group Tax, who will report the most significant ones to the Group CFO. At Grundfos we have a whistleblower system to allow the discretionary reporting suspected criminal acts or non-compliance with the Grundfos Code of Conduct by employees, board members and third parties working with Grundfos such as suppliers or consultants. The reporting can be done in any language.

## Relationship with Tax Authorities

Our tax obligations inevitably and appropriately involve our engagement with tax authorities in the jurisdiction in which we operate. All such engagements are undertaken in line with the following standards:

- We have an open and transparent dialogue with the tax authorities.
- Where possible, we will seek early guidance on matters of complexity. Where we do this, we will always seek to provide the information required by the authorities to provide such guidance.
- Where possible, we will seek to meet with the local tax authorities to enable them to understand our business.
- When we are offered to enter into tax compliance or co-operative compliance schemes, we will properly evaluate proposals on a case-by-case basis. Key factors in the evaluation will include openness and trustworthiness, estimated time consumption and expected benefits.
- We seek to reduce double taxation through mechanisms such as engaging the competent authorities in mutual agreement procedures or implementing advance pricing agreements.

In a broader tax stakeholder engagement, we are participating in the tax panel meetings of the Confederation of Danish Industry and in the Tax Dialogue Project with the purpose of bringing our tax and business insights to the table in the informal discussions around sustainable tax, tax legislation and practice.

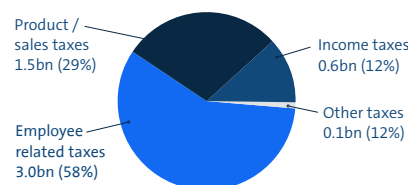
## Global Tax Footprint

The main tax contribution comes from employee related taxes which are 58% of our total contribution. Please refer to the country-by-country reporting for further information on corporate income tax (0.6bn 12%).

Grundfos has globally contributed to the local public finances via tax payments\* for the financial year 2022. Total amount paid in financial year 2022 was 5.1 billion DKK.

We have split the total tax contribution into 4 different types of paid taxes: Employee related taxes, product/sales taxes, corporate income taxes and other taxes. 58% of the total tax contribution comes from employee taxes.

### Global cash tax payments FY 2022

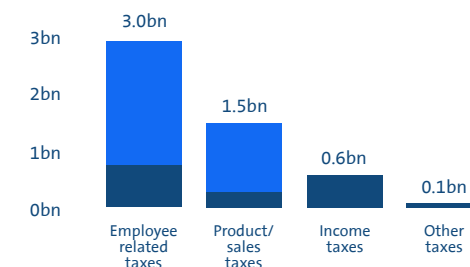


# 5.1bn

Total tax contribution  
FY 2022 in DKK.

## Global cash tax payments FY 2022

Tax Footprint • Tax borne • Tax collected



### Total cash tax contribution FY 2022 in %



The split between collected and borne taxes is 66% is collected taxes and 34% is borne taxes.

\*Tax payments are payments by Grundfos to the government, direct and indirect through an agent on an annual actual cash-paid basis

## Grundfos Group FY 2022 (amounts in 1,000 DKK)

Tax Jurisdiction	Main business activities			Revenues - Unrelated party	Revenues - Related Party	Profit (Loss) before Income Tax	Income Tax Paid (on Cash Basis)	Income Tax Accrued - Current Year	Number of Employees	Tangible Assets other than Cash and Cash Equivalentants
	Sale	Manufacturing	R&D							
Argentina	●			271,699	1,440	29,366	30,184	3,288	106	7,206
Australia	●			806,577	103,935	95,655	34,144	27,794	152	48,922
Austria	●			434,871	7,327	53,024	6,931	14,035	77	25,776
Belgium	●			550,522	7,260	45,206	14,225	11,797	108	17,655
Brazil	●	●		143,523	3,706	11,230	3,038	4,369	84	10,807
Bulgaria	●			58,519	44	7,874	821	905	15	3,719
Canada	●			509,901	4,711	45,742	7,751	11,997	89	33,954
Chile	●			66,213	1,497	9,349	1,046	2,610	36	5,287
China	●	●	●	3,575,795	4,478,693	316,931	39,656	68,479	1,977	519,104
Columbia	●			40,589	1,101	5,135	127	1,532	25	2,688
Croatia	●			76,932	4,652	7,501	470	1,462	34	390
Czech Republic	●			286,086	21	45,567	5,406	9,361	70	19,973
Denmark	●	●	●	3,242,493	20,319,757	466,601	236	62,742	4,421	2,452,955
Egypt	●			255,538	2,183	19,057	3,466	3,543	49	4,495
Estonia	●			46,985	37	10,218	-	-	8	74
Finland	●	●		310,580	41,276	45,987	7,971	9,885	91	26,789
France	●	●		928,827	330,120	114,561	8,489	32,522	657	161,985
Germany	●	●	●	2,802,933	777,108	515,717	89,654	152,592	1,211	311,706
Ghana	●			36,948	3,695	8,125	2,944	3,395	15	2,883
Greece	●			126,791	1,399	16,149	1,688	3,792	30	5,648
Hong Kong	●			118,325	3,788	5,088	1,181	834	20	965
Hungary	●	●	●	241,926	1,214,489	161,131	4,644	9,561	2,760	535,063
India	●	●	●	661,043	59,392	87,572	23,486	20,624	473	54,295

**Grundfos Group FY 2022** (amounts in 1,000 DKK)

Tax Jurisdiction	Main business activities			Revenues - Unrelated party	Revenues - Related Party	Profit (Loss) before Income Tax	Income Tax Paid (on Cash Basis)	Income Tax Accrued - Current Year	Number of Employees	Tangible Assets other than Cash and Cash Equivalants
	Sale	Manufacturing	R&D							
Indonesia	●			232,847	16,872	29,506	8,808	9,411	130	5,867
Ireland	●			179,568	3,964	24,153	1,117	2,224	39	1,896
Italy	●	●	●	2,133,009	1,615,523	440,579	37,887	74,971	966	399,337
Japan	●			674,668	6,320	73,428	9,537	26,148	145	54,907
Kazakstan	●			124,693	245	10,036	4,899	3,097	29	1,442
Kenya	●			58,556	605	3,432	8,628	961	17	1,891
Korea	●	●		430,624	101,096	47,813	12,556	13,491	136	58,832
Latvia	●			38,076	45	2,157	1,480	-	10	141
Lithuania	●			39,660	67	4,938	-	-	10	387
Malaysia	●			205,633	15,342	34,163	76	3,279	90	21,228
Mexico	●	●		284,534	688,141	9,896	24,144	4,951	399	213,719
Morocco	●			-	484	67	-	-	-	59
Netherlands	●			681,209	74,254	76,481	7,386	15,777	157	33,710
New Zealand	●			131,759	947	14,445	4,185	4,016	19	7,815
Nigeria	●			7,271	-	(395)	-	-	6	-
Norway	●			268,268	23,353	36,411	3,295	7,946	90	17,286
Peru	●			46,007	555	4,787	1,779	1,313	13	2,740
Philippines	●			84,578	70,446	3,528	3,242	457	401	23,819
Poland	●	●		656,187	6,506	88,361	9,677	14,296	204	58,512
Portugal	●			151,257	8,023	19,446	156	4,666	66	8,423
Romania	●			200,214	4,936	22,821	2,656	3,983	46	5,714
Russia	●	●		298,093	214,622	(106,499)	5,071	167	191	209,136
Saudi Arabia	●			245,145	2,802	25,453	3,930	3,677	47	2,721

## Grundfos Group FY 2022 (amounts in 1,000 DKK)

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	Sale	Manufacturing	R&D							
Serbia	●	●		96,096	1,894,587	45,456	-	-	838	335,485
Singapore	●			168,610	707,539	30,522	5,226	5,569	156	178,137
Slovakia	●			92,831	-	11,663	2,781	2,407	27	4,978
Slovenia	●			-	4,232	600	178	121	4	301
South Africa	●			306,774	36,040	32,369	16,720	8,837	137	6,253
Spain	●			522,997	13,845	56,936	11,950	14,230	141	16,665
Sweden	●			408,943	17,173	66,093	5,247	14,624	94	30,123
Switzerland	●	●		719,938	87,102	101,212	3,975	15,058	181	130,180
Taiwan	●	●		257,279	980,575	12,356	29,540	5,161	326	70,267
Thailand	●			196,863	19,502	24,603	3,509	5,186	84	31,770
Turkey	●			441,809	20,631	98,773	14,745	20,685	82	11,994
UAE	●			345,720	47,879	33,461	-	-	111	15,688
UK	●	●		1,468,903	170,192	191,898	17,450	39,559	467	115,629
Ukraine	●			65,742	147	5,960	576	1,113	37	2,884
USA	●	●	●	5,444,336	3,417,370	468,223	52,427	88,868	1,575	769,927
Vietnam	●			83,707	982	7,569	990	1,576	46	3,164
Elimination and currency adjustments				(45,017)		(1,426,485)	-			(588,364)
<b>Total</b>				<b>33,341,000</b>	<b>37,640,579</b>	<b>2,749,000</b>	<b>603,381</b>	<b>874,945</b>	<b>20,026</b>	<b>6,517,000</b>
Annual Report				33,341,000		2,749,000	602,000		20,026	6,517,000

**Note:** The accounting principles follows the definitions in the Annual Report for Grundfos Holding A/S. Revenue does also include income from fee. Income tax accrued does not include Deferred taxes and uncertain tax provision. Number of employee is closing amount(FTE). Amounts per country are amounts reported in the consolidation system used by Grundfos Group before eliminations. A minor part of entities which are typically acquired Groups (sub Groups) who has their own consolidations system are reported in the Grundfos consolidation system as consolidated amounts hence, we see currency adjustment related to these entities and eliminations included in "Group elimination". Other examples of "Group elimination" is elimination for inventory and fixed assets transferred between Grundfos entities and a one-off cost related to the exit from Russia. Differences between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax is mainly a result of the fact that we utilise tax incentives, reliefs etc. please refer to the sustainability Report FY2022 - "Approach to taxes". The low income tax paid in FY 2022 for Denmark is due to a tax refund related to prior year.

# Overview entities\* 2022

Tax Jurisdiction	Constituent Entities resident in the Tax Jurisdiction
Argentina	Bombas GRUNDFOS de Argentina S.A.
Australia	BKB Building Solutions Pty Ltd
Australia	GRUNDFOS Pumps Pty Ltd
Australia	GRUNDFOS Australia Holding Pty Ltd
Australia	DAB Pumps Oceania Pty Ltd
Austria	GRUNDFOS Pumpen Vertrieb G.m.b.H.
Austria	Eurowater Wasseraufbereitung Ges.mbH
Belgium	DAB Pumps B.V. – Belgisch bijkantoor.
Belgium	GRUNDFOS Bellux SA
Belgium	Eurowater Belgium NV
Brazil	Bombas GRUNDFOS do Brasil Ltda.
Bulgaria	GRUNDFOS Bulgaria EOOD
Canada	GRUNDFOS Canada Inc.
Chile	Bombas GRUNDFOS Chile Limitada
China	DAB Pumps (Qingdao) Co. Ltd
China	GRUNDFOS (China) Holding Co., Ltd.
China	GRUNDFOS Pumps (Chongqing) Co. Ltd.
China	GRUNDFOS Pumps (Suzhou) Ltd.
China	GRUNDFOS Pumps (Shanghai) Co., Ltd.
China	GRUNDFOS Pumps (Wuxi) Ltd.
China	Grundfos Pumps (Changshu) Co. Ltd
Columbia	GRUNDFOS Colombia S.A.S.
Croatia	Grundfos Sales Croatia d.o.o.
Czech Republic	GRUNDFOS Sales Czechia and Slovakia s.r.o.
Czech Republic	Eurowater spol. s.r.o.
Denmark	GRUNDFOS Biobooster A/S
Denmark	GRUNDFOS A/S
Denmark	GRUNDFOS DK A/S
Denmark	GRUNDFOS Finance A/S
Denmark	GRUNDFOS Holding A/S

Tax Jurisdiction	Constituent Entities resident in the Tax Jurisdiction
Denmark	GRUNDFOS Operations A/S
Denmark	GRUNDFOS US ApS
Denmark	Sintex A/S
Denmark	Silhorko-Eurowater A/S
Denmark	Eurotank A/S
Denmark	Armacoat A/S
Egypt	GRUNDFOS Service Egypt LLC
Egypt	GRUNDFOS Egypt LLC
Egypt	GRUNDFOS Holding Egypt LLC
Estonia	GRUNDFOS Pumps Baltic SIA Eesti filiaal, Tallinn, EE
Finland	Oy GRUNDFOS Environment Finland AB
Finland	Oy GRUNDFOS Pumput AB
France	POMPES GRUNDFOS DISTRIBUTION
France	Pompes GRUNDFOS S.A.S.
France	Eurowater Sarl
Germany	GRUNDFOS Water Treatment GmbH
Germany	Biral GmbH
Germany	DAB Pumpen Deutschland GmbH
Germany	GRUNDFOS Verwaltungs GmbH
Germany	GRUNDFOS Pumpenfabrik GmbH
Germany	GRUNDFOS GmbH
Germany	Deutsche Vortex GmbH & Co. KG
Germany	Eurowater Wasseraufbereitung GmbH
Ghana	GRUNDFOS Pumps Ghana Limited
Greece	GRUNDFOS Hellas A.E.B.E
Hong Kong	GRUNDFOS Pumps (Hong Kong) Limited
Hungary	DAB Pumps Hungary Kft
Hungary	GRUNDFOS South East Europe Kft.
Hungary	GRUNDFOS Hungary Manufacturing Limited
Hungary	GRUNDFOS Financial Shared Services Kft.

\*The overview of entities include legal entities and branches.

Tax Jurisdiction	Constituent Entities resident in the Tax Jurisdiction
Hungary	Eurowater Vizkezelés Kft.
India	GRUNDFOS Pumps India Private Limited
Indonesia	PT GRUNDFOS Pompa
Indonesia	PT Grundfos Trading Indonesia
Indonesia	PT DAB Pumps Indonesia
Ireland	GRUNDFOS (Ireland ) Limited
Ireland	Mechanical Equipment Company (MECO) Ireland Ltd
Italy	DAB PUMPS SPA
Italy	DWT Holding SPA
Italy	GRUNDFOS Pompe Italia srl
Japan	GRUNDFOS Pumps K.K.
Kazakstan	GRUNDFOS Kazakhstan Limited Liability Partnership
Kenya	GRUNDFOS Kenya Limited
Korea	GRUNDFOS Pumps Korea Limited
Latvia	Sabiedrība ar ierobežotu atbildību“GRUNDFOS Pumps Baltic”
Lithuania	GRUNDFOS Pumps Baltic Lietuvos filialas, Vilnius, LT
Malaysia	GRUNDFOS Pumps SDN. BHD.
Mexico	DAB Pumps de Mexico S.A. de C.V.
Mexico	Bombas GRUNDFOS de Mexico, S.A. de C.V
Mexico	GRUNDFOS Mexico Servicios SA de CV
Mexico	Bombas GRUNDFOS De Mexico Manufacturing S.A. de C.V.
Mexico	Peerless Pump Mexico, S.A. de C.V.
Morocco	Pompes Grundfos Maghreb
Netherlands	DAB Pumps B.V.
Netherlands	GRUNDFOS Nederland B.V.
Netherlands	Solvermedia B.V.
Netherlands	Eurowater BV
New Zealand	GRUNDFOS Pumps NZ Limited
Nigeria	Grundfos Water Solutions NGA Limited
Norway	GRUNDFOS Norge AS

Tax Jurisdiction	Constituent Entities resident in the Tax Jurisdiction
Norway	Eurowater AS
Peru	GRUNDFOS de Peru S.A.C.
Philippines	GRUNDFOS IS Support & Operations Centre Philippines Inc.
Philippines	GRUNDFOS Pumps (Philippines), Inc.
Poland	DAB Pumps Poland Sp zoo
Poland	GRUNDFOS Pompy Sp. z.o.o.
Poland	Eurowater Sp. z o.o.
Poland	Centrum Badawczo-Wdrozeniowe Unitex Sp.z o.o
Portugal	Bombas GRUNDFOS (Portugal) S.A.
Romania	SC GRUNDFOS Pompe Romania SRL
Russia	OOO DWT Group
Russia	OOO GRUNDFOS
Russia	OOO GRUNDFOS Istra
Saudi Arabia	Grundfos Saudi Arabia Company limited
Serbia	GRUNDFOS Srbija d.o.o.
Singapore	MECO Water Purification (Asia) Pte. Ltd.
Singapore	GRUNDFOS (Singapore) Pte. Ltd.
Slovakia	Grundfos Sales Czechia and Slovakia s.r.o., organizačná zložka
Slovakia	Eurowater spol. s.r.o.
Slovenia	Grundfos Ljubljana d.o.o.
South Africa	Grundfos Holding South Africa (Pty) Ltd
South Africa	DWT Pumps Motors and Electronics Ltd
South Africa	GRUNDFOS (Pty) Ltd
Spain	Bombas GRUNDFOS España S.A
Spain	DAB Pumps Iberica S.L.
Sweden	GRUNDFOS AB
Sweden	Eurowater AB
Switzerland	Biral AG
Switzerland	GRUNDFOS Handels AG
Switzerland	GRUNDFOS Holding AG



<b>Tax Jurisdiction</b>	<b>Constituent Entities resident in the Tax Jurisdiction</b>
Switzerland	GRUNDFOS Pumpen AG
Switzerland	Eurowater Wasseraufbereitung AG
Taiwan	GRUNDFOS Pumps (Taiwan) Ltd.
Taiwan	Grundfos Handels AG Taiwan Branch
Thailand	GRUNDFOS (Thailand) Limited
Turkey	GRUNDFOS Pompa Sanayi ve Ticaret Ltd. Sti.
UAE	Grundfos DK AS - Dubai branch
UAE	GRUNDFOS Gulf Distribution FZE
UK	DAB Pumps Ltd.
UK	GRUNDFOS Pumps Limited
UK	GRUNDFOS Manufacturing Limited
UK	GRUNDFOS Watermill Limited
Ukraine	TOV GRUNDFOS Ukraine (LLC Grundfos Ukraine)
Ukraine	Eurowater Ltd.
US	DAB Pumps Inc.
US	Enaqua
US	GRUNDFOS CBS INC
US	Grundfos Americas Corporation
US	GRUNDFOS Pumps Manufacturing Corporation
US	GRUNDFOS Pumps Corporation
US	GRUNDFOS US Holding Corporation
US	Sterling Fluid Systems LLC (USA)
US	SFS (USA) Holding Inc.
US	GRUNDFOS Water Utility Inc.
US	Mechanical Equipment Company, Inc.
Vietnam	GRUNDFOS Vietnam Company Limited